# **UOB Business Outlook Study 2024**



(SMEs & Large Enterprises)

UOB conducted a Business Outlook Study in Malaysia covering 525 business owners and key executives from SMEs and Large Enterprises.

The Business Outlook Study provides a comprehensive understanding of the current business sentiment, inflation impact and outlook among businesses across various sectors in Malaysia.

By capturing robust insights around key themes such as Overseas Expansion, Supply Chain Management, Digitalisation, and Sustainability, this study can help Malaysia businesses better understand the current environment they are operating in and plan for future opportunities









15-minute online survey



Total of 525 interviews



Data collection: Late-December 2023 to mid-January 2024







Businesses with revenue up to RM 900



Covers both SMEs and Large Enterprises across key industry verticals



Owners/C-suite/Management level who are involved with business decision making



Classification of businesses: Small Enterprises - annual turnover of < RM 30m Medium Enterprises - annual turnover of RM 30m to <900m

Industries	Sample
Consumer Goods	68
Construction & Infrastructure	66
Manufacturing & Engineering	60
Community & Personal	60
Tech, Media & Telecom	59
Business Services	51
Professional Services	50
Real Estate & Hospitality	50
Industrials, Oil & Gas	31
Wholesale Trade	30
Total	525

### Business sentiment



Nearly 3 in 10 businesses in Malaysia say the current business environment is very positive.

Very positive 28%

47% Somewhat positive

#### Most positive sectors

42% Tech, Media & Telecom





Over 1 in 5 businesses in Malaysia expect a vastly improved business performance in 2024.

22% Vastly improving

54% Somewhat improving

### Most improved sectors

Tech, Media



Professional

### Inflation and its impact



Over 8 in 10 businesses in Malaysia say they have been impacted by high inflation in 2023.

### Most affected sectors

88%

Manufacturing - & Engineering



### Ways to combat inflation



Improving productivity to 



Stronger price negotiations with suppliers or vendors......42%



Cost-cutting measures for company activities.....

### Areas affected by inflation



68% Increase in cost of operations



56% Increase in cost of raw materials



39% Reduction in profit levels

Most impacted by increase in cost of operations

81%

Manufacturing & Engineering Most impacted by increase in cost of raw materials

Manuracca. & Engineering Manufacturing

### Overseas expansion interest



Nearly 8 in 10 businesses in Malaysia are interested in overseas expansion.

### Most interested sectors

90%

Industrials, Oil & Gas



### Least interested sectors

73%





### Support measures for overseas expansion



Tax incentives or rebates



Connections to industry peers and ecosystem partners to learn from best practices



35%

Advisory and consultation services

### Key motivators for overseas expansion



Improve profitability Grow revenue



Build reputation as an international business

38%

Connections to large corporate businesses that are prospective anchor clients my company can supply to

### Supply Chain Management (SCM) and its challenges



Nearly 1 in 2 businesses in Malaysia claim current geopolitical tensions impacted their supply chain.

#### Most impacted sectors

70%

Manufacturing & Engineering





### Challenges faced by businesses



Rising supply costs due to high inflation



Rising supply costs due to high interest rates



33%

Challenges in procuring supplies or raw material

### Key trading needs among businesses



### Digital adoption

### Current state



Nearly 4 in 5 businesses in Malaysia have digitalised one or more departments.

### Most digitalised sectors





### Expected spending in 2024



Over 7 in 10 businesses expect to spend more on digitalisation in 2024, with most budgeting an increase of 10% to 25%.

### Higher spending sectors

87%

Industrials, Oil & Gas



## Sustainability adoption



Over 4 in 5 businesses in Malaysia believe sustainability is important to their business. Yet, adoption level has remained stagnant since 2022.

### Higher adoption sectors

53% Manufacturing & Engineering





### Challenges faced by businesses



Increase in cost of our products or services to end customers



32%

Insufficient knowledge to identify and execute the right initiatives for our company



30%

Lack of proper infrastructure for renewable energy

### Support measures to drive sustainability adoption

Tax incentives or rebates.....

Training programmes to reskill or upskill employees .......



Provide options for sustainable financing.....

